

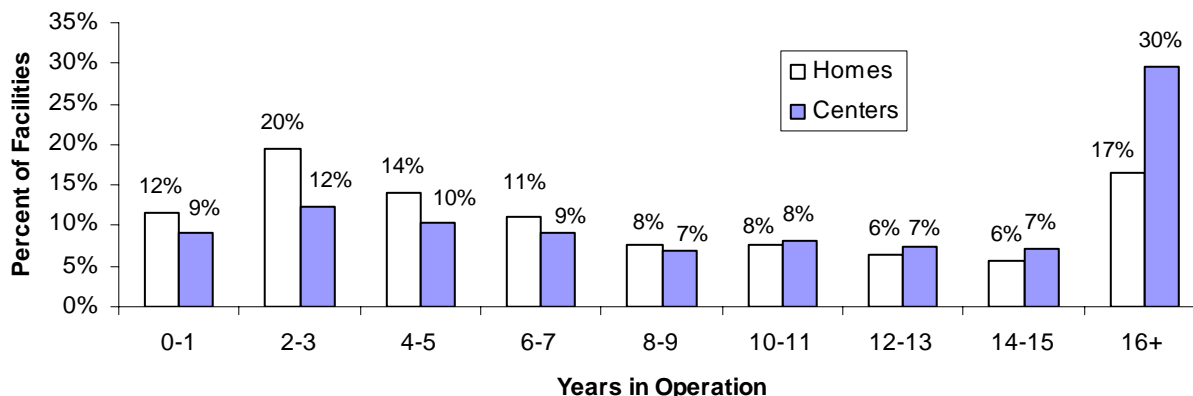
CHAPTER 4. PROVIDER BUSINESS TRAITS

Years of Operation for Child Care Centers and Family Homes

Centers generally stay in business longer than do family homes. According to the 2004 surveys, centers had been in business for an average of 12.2 years and family homes had been in operation for an average of 8.8 years. Over half of centers (52 percent) and one-third (36 percent) of family homes had been in operation for ten years or more. A much higher percentage of family homes than centers had been in business for less than four years (31 versus 21 percent).

Family home providers reported as many as 41 years of experience. Centers reported being in business up to 93 years. The percentage of family homes and centers, by years of operation, are shown in Figure 23.

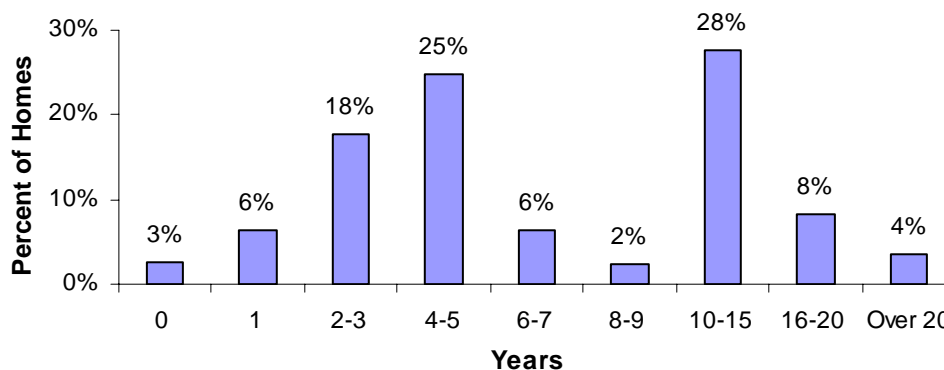
Figure 23. Years in Business: Homes and Centers, 2004



Source: DSHS Division of Child Care and Early Learning
2004 Surveys of Child Care Centers and Family Homes

Most family home providers (91 percent) planned to operate their child care business for at least two more years (see Figure 24). Forty-eight percent of family home providers expected to be in business for over five more years.

Figure 24. Years Plan to Operate Child Care at Home, 2004

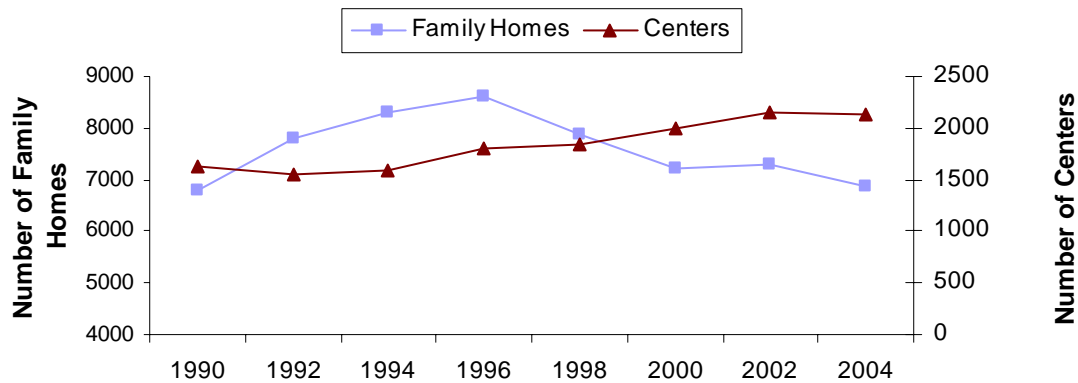


Source: DSHS Division of Child Care and Early Learning
2004 Survey of Family Homes

Growth and Decline in Number of Centers and Family Homes

The number of centers in Washington State has grown 31 percent over the fourteen years from 1990 to 2004, rising from 1,624 in 1990 to 2,134 in 2004 (see right axis and dark line with triangles in Figure 25). The number of family homes, on other hand, grew from 1990 through 1996 and generally has declined since that time (see left axis and gray line with squares in Figure 25). From 2000 to 2002 there was a slight increase in the number of family homes, but in the two years from 2002 to 2004 the number of licensed family home providers again declined.

Figure 25. Number of Centers and Family Homes, 1990-2004

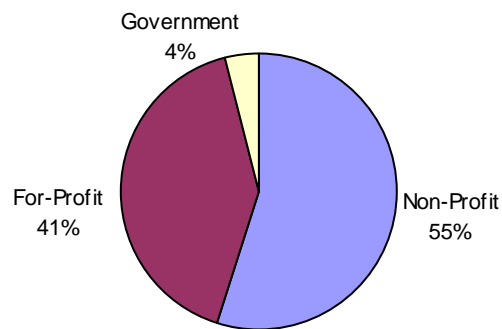


Source: DSHS Division of Child Care and Early Learning
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Centers and Family Homes

Types of Centers

Providers identified their centers as either government operated, non-profit, or private for-profit (Figure 26). Fifty-five percent of all child care centers were non-profit organizations, forty-one percent were private for-profit businesses, and the remaining four percent were government-run centers. Most government centers were Tribal centers or were located at schools or other public buildings. The proportion of centers in each of these categories has remained fairly stable since 1992.

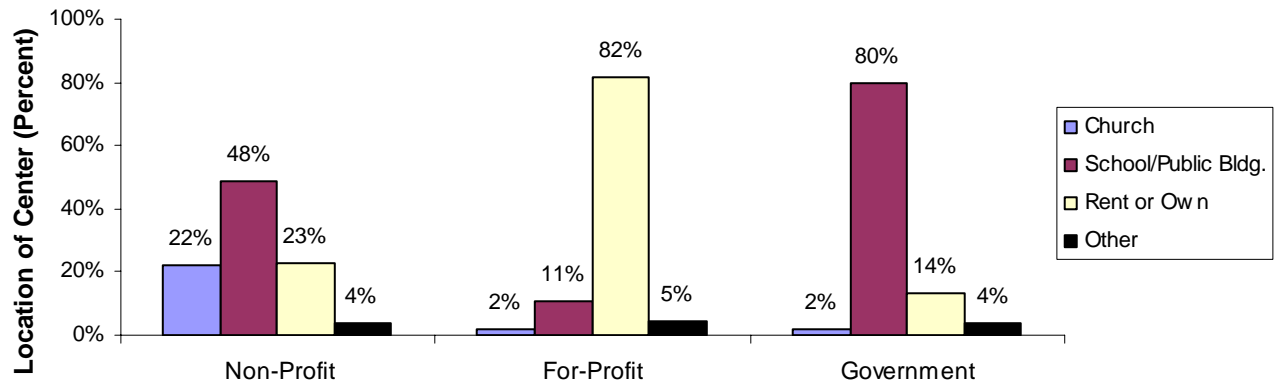
Figure 26. Types of Child Care Centers



Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Centers of different types tended to be located in different types of buildings. Most government centers (80 percent) were located in schools and other public buildings. On the other hand, most for-profit centers were located in private buildings that they rent or own. Most of the centers in churches were non-profits, and 48 percent of non-profit centers were located in schools and other public buildings.

Figure 27. Type of Center and Physical Location, 2004



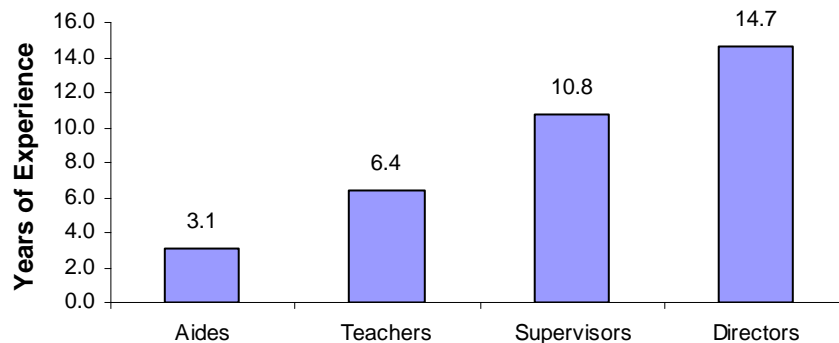
Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Staff Experience and Education

Years of Experience: Center Staff

Respondents at centers described the paid child care experience of their staff: aides or assistants, teachers, program supervisors, and directors. The experience of these workers in paid child care ranged from less than a year to fifty-eight years. Experience varied with the type of position. Aides had the least average amount of experience, 3.1 years, while directors averaged 14.7 years. Figure 28 shows the average number of years in paid child care employment for each position. The amount of experience for center staff has been stable over the past 6 years.

Figure 28. Average Number of Years of Paid Child Care Experience for Center Staff, 2004



Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Paid and Non-Paid Staff at Centers

All centers employed paid staff. Statewide, centers averaged about 10 paid employees. About one-third of all paid center employees were aides, and an additional 48 percent were teachers. Many centers got additional help from volunteers.

As shown in Table 18, the proportion of staff that was teachers and the proportion of centers that used volunteers varied by type of center. For-profit centers had a higher proportion of teachers and a lower proportion of aides on their staff than did either non-profit or government centers. For-profit centers also were the least likely to have volunteers (26 percent), compared to 44 percent of non-profit centers and 43 percent of government-run centers. The number of volunteers also varied by type of center. Among centers with at least one volunteer, for-profit centers averaged 3.2 volunteers, non-profits 4.8, and government-operated centers averaged 6.9 volunteers.

Table 18. Staff Composition by Type of Center, 2004

Type of Center	Percent of Paid Staff			Using Volunteers	Number of Volunteers*
	Aides	Teachers	Supervisors and Directors		
For-Profit	30.5%	53.7%	15.8%	26%	3.2
Non-Profit	39.4%	43.9%	16.6%	44%	4.8
Government	56.3%	29.6%	14.2%	43%	6.9
All Centers	36.0%	47.9%	16.2%	37%	4.5

*Only calculated for centers using volunteers

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Salaries and Benefits for Child Care Workers

Wages at Centers

The average wages or salaries of center staff—aides, teachers, supervisors, and directors—are shown in Table 19. Directors earned \$2,394 per month on average. Of the remaining staff, supervisors earned the most, followed by teachers, and then by aides. Wages for aides, teachers, and supervisors increased about \$0.50 per hour from 2002 to 2004. For all categories of employees, the wages paid in Region 4 (King County) were higher than those paid in other regions.

Table 19. Average Wages in Child Care Centers by Region, 2004

Region	Number of Centers	Aides	Teachers	Supervisors	Directors
1	333	\$7.98	\$9.37	\$12.83	\$2,190
2	187	\$7.88	\$9.30	\$11.37	\$2,263
3	302	\$8.35	\$9.96	\$13.50	\$2,329
4	631	\$9.37	\$11.22	\$13.99	\$2,723
5	337	\$8.19	\$9.28	\$11.34	\$2,197
6	344	\$7.95	\$9.06	\$11.49	\$2,203
Statewide	2,134	\$8.50	\$10.06	\$12.77	\$2,394

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Wages paid to aides, teachers, and supervisors varied by the type of center ownership—non-profit, government-run, or for-profit private. Wages paid at these three types of centers are shown in Table 20.

Table 20. Average Wages in Child Care Centers by Center Type, 2004

Type	Aides	Teachers	Supervisors	Directors
Government Center	\$8.83	\$12.23	\$15.32	\$3,215
Non-profit Center	\$8.67	\$10.59	\$13.32	\$2,470
For-profit Center	\$8.21	\$9.52	\$11.88	\$2,238
Statewide	\$8.50	\$10.06	\$12.77	\$2,394

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Wages in Family Homes

Most family homes are one-person operations, but about 20 percent of homes employed at least one paid assistant at the time of the 2004 survey. These assistants worked an average of 32 hours per week. Their average hourly wage was \$8.21, less than the average wage of \$8.50 earned by aides in centers (compare Tables 19 and 21). For information on wage trends for assistants in family homes, see the section on wage trends in family homes later in this chapter (Figure 31).

Table 21. Assistants' Wages in Licensed Homes, 2004

Region	Total Homes	Percent with Paid Assistants	Average Wages
1	1,124	15%	\$7.51
2	1,202	15%	\$7.64
3	1,092	22%	\$8.28
4	1,420	21%	\$9.48
5	933	27%	\$7.58
6	1,104	21%	\$8.42
Statewide	6,875	20%	\$8.21

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Family Homes

Income of Family Home Providers

Half of the family homes surveyed reported \$25,000 or more in gross income from their child care business for 2003 (average gross income was \$29,700). Annual earnings by Region are shown in Table 22. Gross revenues for family home providers in King County (Region 4) were higher than those in all other Regions and family home providers in Region 1 on average earned the least. (The net income of family home providers is what remains of their gross income after the cost of operation, but not enough information was collected to estimate operation costs and the net income of family home providers.)

Table 22. Average Gross Annual Earnings of Family Home Providers, 2003

Region	Average Earnings
1	\$24,187
2	\$26,015
3	\$30,734
4	\$39,351
5	\$27,106
6	\$28,889
Statewide	\$29,722

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Family Homes

The earnings of family home providers are related to other factors besides geography. For about 45 percent of family home providers, child care earnings were their households' primary source of income. As shown in Table 23 the income of family home providers for whom child care was their primary source of income was considerably higher than that for other family home providers. In addition, the income of family home providers was related to the number of years that they had been in business.

Table 23. Factors Associated with Average Earnings of Family Home Providers, 2003

	Average Earnings
<u>Years in Business</u>	
0-3 years	\$20,405
4-6 years	\$30,431
7+ years	\$35,262
<u>Child Care Main Source of Income</u>	
Yes	\$37,449
No	\$23,458

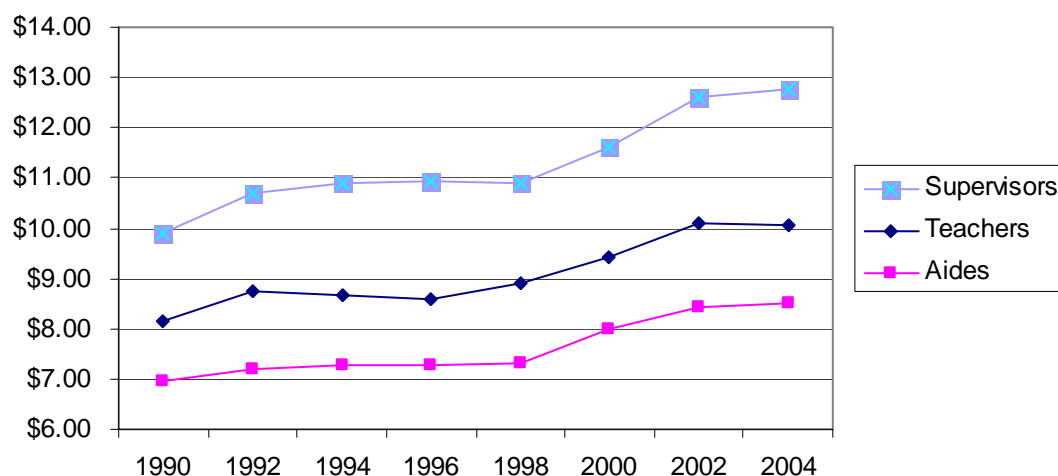
Source: DSHS Division of Child Care and Early Learning
2004 Survey of Family Homes

Wage Trends in Centers

Child care workers receive relatively low wages: center aides, teachers, and supervisors averaged \$8.50, \$10.06, and \$12.77 per hour in 2004. As shown in Figure 29 average real wages for child care workers—wages adjusted to account for changes in the consumer price index—stalled between 1992 and 1998 and then rose sharply between 1998 and 2002, perhaps spurred by the yearly increases in the minimum wage. In 2004 the federal minimum wage was \$5.15 per hour and Washington State’s minimum wage was \$7.16 per hour.

The average wage for teachers rose 3.2 percent per year between 1998 and 2002 (adjusted for inflation) and the inflation adjusted average wage for aides rose 3.6 percent per year during the same period. While wages have increased about \$0.50 per hour for aides, teachers, and supervisors in centers between 2002 and 2004, that just helped the wages of those groups keep pace with inflation.

**Figure 29. Changes in Child Care Wages from 1990 to 2004
Adjusted to 2004 Dollars**

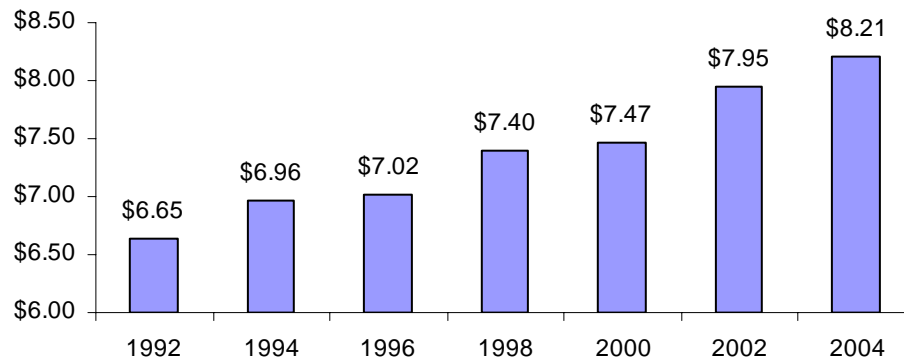


Source: DSHS Division of Child Care and Early Learning
1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers

Wage Trends in Family Homes

The wages of assistants in family homes show a somewhat different trend than those for wages of child care workers in centers with a steady upward trend for the past twelve years. Between 1992 and 2004 the wages paid assistants in family homes (in constant dollars) rose from \$6.65 to \$8.21, a rise of 1.8 percent per year in real wages (see Figure 30).

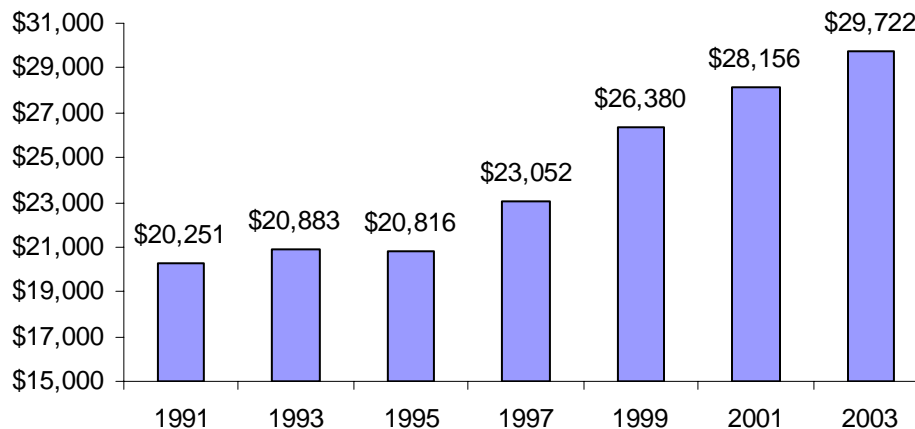
**Figure 30. Average Wage Paid Assistants in Family Homes from 1992 to 2004
Adjusted to 2004 Dollars**



Source: DSHS Division of Child Care and Early Learning
1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Family Homes

The average yearly income of family home providers rose from \$17,200 in 1995 to \$29,700 in 2003, an increase of 7.0 percent per year for those eight years. Taking inflation into account, the average gross income of family home providers rose 43 percent from \$20,816 in 1995 to \$29,700 in 2003. That translates into an annual rate of increase (adjusting for inflation) of 4.6 percent. In light of the large decline in the number of family homes in business in the same period, it may be the case that less profitable family homes are leaving the child care business.

**Figure 31. Average Gross Earnings in Family Homes from 1991 to 2003
Adjusted to 2003 Dollars**



Source: DSHS Division of Child Care and Early Learning
1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Family Homes

Employee Benefits for Teachers in Centers

Prior to the 2002 survey, centers were asked if they provided benefits to any employees. Interviewer notes indicated that many centers only provided those benefits to the director or site supervisor. Starting with the 2002 survey, centers have been asked if they provided benefits to any *teachers*, thereby excluding centers only providing benefits to directors and site supervisors. While this change makes it difficult to track changes over time, it makes Washington State data more useful in national efforts to track benefits for child care workers.

Table 24 shows how the percentages of centers offering benefits have changed over time. From 1990 to 2000 centers became more likely to provide benefits. The decline between 2000 and 2002 is attributed to the wording change discussed above. The percent of centers providing benefits to teachers in 2004 was comparable to the percent offering benefits to any employees in 2000.

Table 24. Employee Benefits in Child Care Centers, 1990-2004

Year	Paid Sick Leave	Paid Vacation	Medical Insurance
1990	56%	63%	45%
1992	61%	69%	51%
1994	60%	70%	56%
1996	62%	70%	53%
1998	68%	73%	55%
2000	65%	71%	57%
2002*	58%	67%	53%
2004	65%	73%	59%

* In 2002 the question was changed to specifically ask about benefits provided to teachers. Prior to that survey the question asked about benefits to any employees.

Source: DSHS Division of Child Care and Early Learning
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers

The percent of centers providing benefits by Region—sick leave, vacation, medical insurance, or any benefit—are shown in Table 25. Centers in Region 4 were the most likely to offer benefits.

Table 25. Centers Providing Benefits to Teachers by Benefit Type and Region, 2004

Region	Total Number of Centers	Any Benefit	Paid Sick Leave	Paid Vacation	Medical Insurance
1	333	77%	63%	66%	49%
2	187	57%	45%	53%	41%
3	302	69%	55%	66%	48%
4	631	92%	77%	86%	73%
5	337	84%	64%	74%	56%
6	344	80%	66%	71%	65%
Statewide	2,134	80%	65%	73%	59%

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

The level of wages and benefits offered by centers are related. Centers that provided benefits were likely to also pay higher wages. Table 26 shows that wages at centers that provided medical insurance were higher than the wages paid by centers that did not provide medical insurance.

Table 26. Medical Insurance, Benefits and Wages in Centers, 2004

Staff Position	Wages With Medical Insurance	Wages Without Medical Insurance	Wages With Any Benefits	Wages Without Any Benefits
Aides	\$8.75	\$7.93	\$8.61	\$7.89
Teachers	\$10.59	\$9.08	\$10.23	\$8.93
Supervisors	\$13.88	\$11.40	\$13.24	\$11.22
Directors	\$2,697	\$2,071	\$2,543	\$1,984

Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Staff Turnover in Child Care Centers

Centers were asked on the 2004 survey about staff turnover. This question was first asked in the 2000 survey. For each job category, centers were asked how many individuals had been hired since September 1, 2003 (about 6 months earlier). These numbers will under-estimate turnover, for some staff that were hired after September 1, 2003 will have already left before the time of the survey. Table 27 presents the proportion of staff that had been hired since September 1, 2003 by Region. Only centers in business for over one year were included in this analysis.

Not surprisingly, staff turnover was strongly related to position. The proportion of aides newly hired was twice as high as that for teachers. The turnover rates for aides and teachers reported on the 2004 survey were slightly lower than those from the 2002 or 2000 surveys.

Table 27. Percent of Staff Newly Hired, 2004

Region	Aides	Teachers	Supervisors
1	34.8%	14.5%	5.2%
2	32.9%	22.2%	19.7%
3	34.9%	17.8%	13.2%
4	31.6%	15.1%	10.3%
5	28.8%	16.7%	6.8%
6	33.6%	14.5%	5.4%
Statewide	32.5%	16.0%	9.5%

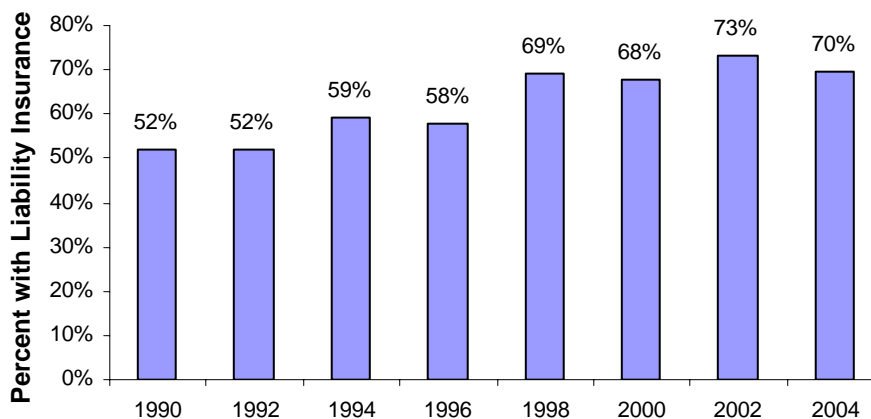
Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Business Expenses in Centers and Homes

Liability Insurance in Homes

Liability insurance is an important issue in operating a child care business. While 70 percent of homes reported having liability insurance for their business, a significant proportion continue to not have liability insurance (see Figure 32).

Figure 32. Percent of Family Homes with Liability Insurance, 1990 to 2004

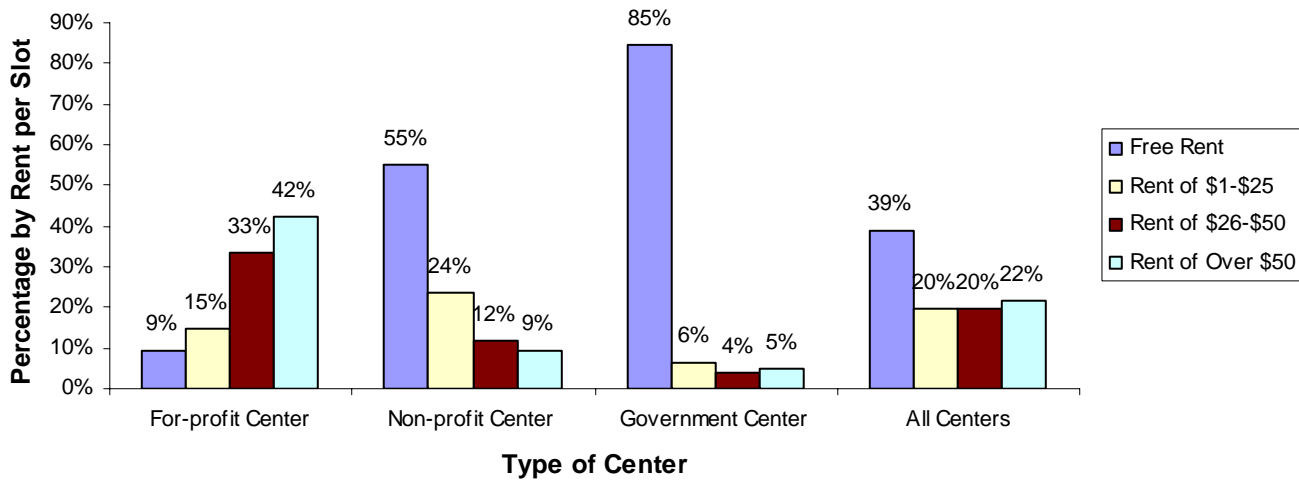


Source: DSHS Division of Child Care and Early Learning
1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers and Family Homes

Estimated Monthly Cost for Rent in Centers

The 2004 center survey asked about several specific costs of doing business. Figure 33 displays the monthly cost of rent per slot. Rent costs were strongly related to the type of center, with 85 percent of government centers and 55 percent of non-profit centers paying no rent. Overall, the percent of centers with free rent increased from 20 percent in 2000 to 39 percent in 2004. At the other extreme, while 42 percent of for-profit centers paid over \$50 per slot in monthly rent, only 9 percent of non-profit centers and 5 percent government centers paid that much. The percent of centers that paid over \$50 per slot increased from 19 percent in 2002 to 22 percent in 2004.

Figure 33. Monthly Rent Per Slot by Type of Center, 2004

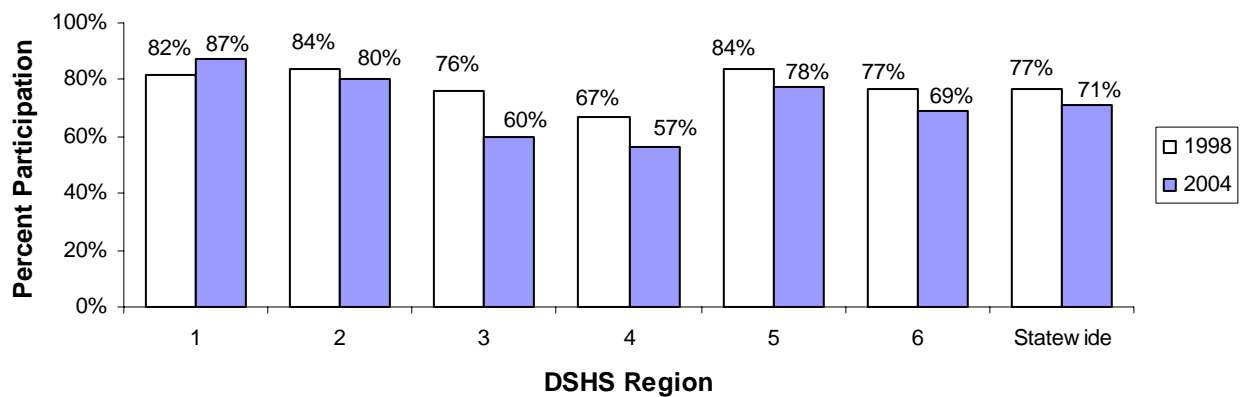


Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers

Participation of Family Homes in USDA Food Program

The Child and Adult Care Food Program (CACFP) of the Department of Agriculture reimburses participating centers and family homes for their meal costs. The participation of family home providers in the USDA food program remains high: over 70 percent of all family homes participated at the time of the 2004 survey. The meal reimbursement rate was changed to a two-tier system in July of 1997. Since that time, family home providers located in low-income areas, or whose own households are low-income, have been reimbursed at a higher rate than other providers. The change to a two-tier system likely contributed to the drop in participation since 1998 in some Regions. Statewide participation rates have been fairly stable since 2000, ranging from 73 percent in 2000 and 2002 to 71 percent in 2004. Figure 34 shows the percent of family homes participating by DSHS Region.

Figure 34. Participation of Family Homes in USDA Food Program, 1998 and 2004

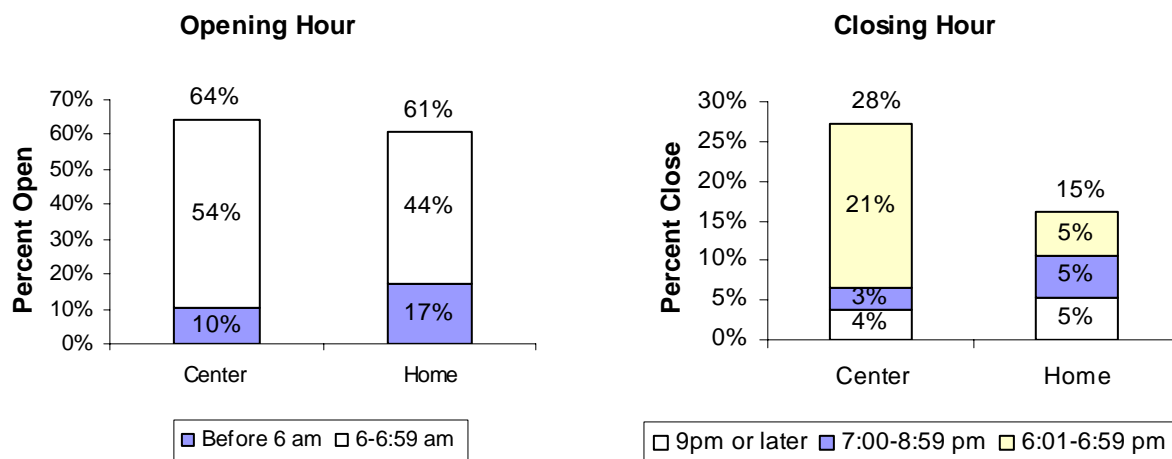


Source: DSHS Division of Child Care and Early Learning
1998 and 2004 Surveys of Family Home Providers

Hours of Operation

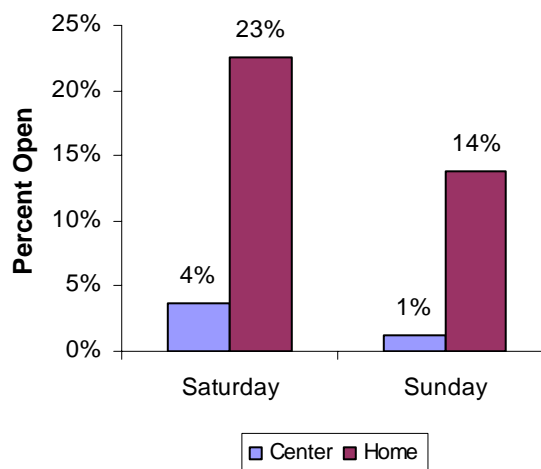
Few licensed child care facilities are open outside of the standard weekday hours, six in the morning to six at night. Only 10 percent of centers and 17 percent of homes opened before six in the morning. Similarly, only 7 percent of centers and 10 percent of homes were still open at seven in the evening. On the weekends only 4 percent of centers and were open while over 20 percent of homes had some weekend hours. Figure 35 shows the weekday opening and closing hours for centers and homes. Figure 36 displays the percent of centers and homes open on Saturday and Sunday.

Figure 35. Hours of Operation, Monday through Friday, Centers and Homes, 2004



Source: DSHS Division of Child Care and Early Learning
2004 Survey of Child Care Centers and Family Home Providers

Figure 36. Licensed Facilities with Weekend Hours, 2004



Source: DSHS Division of Child Care and Early Learning
2004 Surveys of Child Care Centers and Family Homes

